

1994

Business planning: planning your company's growth; Business advice from CPAs

American Institute of Certified Public Accountants. Communications Division

Follow this and additional works at: https://egrove.olemiss.edu/aicpa_indev

Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

American Institute of Certified Public Accountants. Communications Division, "Business planning: planning your company's growth; Business advice from CPAs" (1994). *Industry Developments and Alerts*. 714.
https://egrove.olemiss.edu/aicpa_indev/714

This Book is brought to you for free and open access by the American Institute of Certified Public Accountants (AICPA) Historical Collection at eGrove. It has been accepted for inclusion in Industry Developments and Alerts by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.

D

DEVELOPING A BUSINESS PLAN

Developing a business plan requires an analysis of various data on operations, finances, and organization. CPAs are particularly qualified to help businesses in every stage of the planning process. Because of their broad background and expertise in financial and business matters, they can offer you valuable advice and assistance in devising a first-rate business plan.

A CPA CAN HELP YOU

Review historical documentation such as:

- ◆ Financial statements and management letters
- ◆ Debt and lease agreements
- ◆ Budget and other internal management plans and reports
- ◆ Income tax returns

Compare your business' activity to industry data.

Analyzing your business' financial ratios and comparing them with ratios of similar businesses can provide useful planning data.

Develop projections of sales and other financial and operations data.

Projections of possible future results, based on alternative future actions or events, are extremely useful in determining which plans might lead to the best results.

Evaluate operations.

An objective review of your operations will provide information about employment conditions, expansion potential, inventory conditions, storage requirements, equipment condition and usage, and other factors.

Whether you use the business plan to guide your future decisions or to convince others that your business has a sound future, you will benefit from the assistance of a CPA in developing and documenting your plan.

AICPA

American
Institute of
Certified
Public
Accountants

Communications Division

1211 Avenue of the Americas
New York, NY 10036-8775

890540

©1990, revised 1994

B

U S I N E S S

P

L A N N I N G

Planning Your

Company's Growth

BUSINESS

ADVICE

FROM

CPAs

Preparing organizational plans may be essential to your firm's financial well-being and future success. A business plan reflects the goals of a company.

For example, it states:

- ◆ WHERE THE COMPANY IS TODAY.
- ◆ WHERE IT WOULD LIKE TO BE TOMORROW.
- ◆ HOW IT PLANS TO GET THERE.

Certified public accountants (CPAs) can help you identify strengths and weaknesses and prepare a plan which addresses problems, as well as opportunities, so your business—whether it's a start-up or an established one—can reach its full potential.

HOW YOUR BUSINESS BENEFITS

Formalizing your company's objectives in a written document can help you initiate activities that will result in increased profitability. Setting carefully conceived business goals and plans can also result in the following:

Improved resource utilization.

An evaluation of your company's resources helps determine capabilities and limitations.

Increased employee motivation.

Clearly stated goals and individual roles in achieving them provide an increased sense of employees' involvement in the organization's future.

Increased communication.

A better understanding of the business stimulates ideas and programs for strengthening the organization.

Greater organizational control.

A formal plan encourages adherence to project completion dates and standards of performance.

Source of information for third parties.

Stated goals and plans may be useful in seeking financing, negotiating mergers or promoting sales.

A learning experience.

An in-depth study of your organization provides a better understanding of its strengths and weaknesses.

THE PLANNING PROCESS

There are five basic stages involved in developing a business plan for your company's growth. CPAs are equipped with the knowledge and experience to guide you through each stage of the planning process.

1. Developing a statement of purpose.

A clear statement of your business' purpose and reason for being will guide the formulation of the plan.

2. Defining goals.

When defining goals, determine what the plan should accomplish and the feasibility of these accomplishments. Consider the compatibility of personal goals and company goals. Document selected goals so they can be clearly understood, consistently applied, and periodically evaluated. CPAs recommend that you set a planning time frame of three to five years with enough flexibility to modify your goals.

3. Determining strengths and weaknesses.

Making valid decisions on what programs need to be implemented to achieve your goals requires extensive analysis. A CPA can be an important resource. Specifically, the following items need to be examined:

Market

- ◆ Size of the potential market
- ◆ Description of customer needs
- ◆ Industry statistics and projections
- ◆ Competitive market data
- ◆ Promotion and advertising strategies

Product

- ◆ Description of product line
- ◆ Patent, trademarks and trade secrets
- ◆ Manufacturing and operations requirements and costs
- ◆ Laws and regulations affecting the business

Finances

- ◆ Historical financial data
- ◆ Cash management data
- ◆ Projected financial data

4. Writing the plan.

The actual plan states what actions you need to take to achieve your goals, taking into consideration the current economic and competitive environment. An analysis of your business' strengths and weaknesses is then prepared. Programs to emphasize the strengths and minimize the weaknesses of your business can then be incorporated.

5. Revising the plan.

Once developed, the plan should be reviewed and revised on a regular basis. You should also develop a monitoring system to ensure continued effective use of the plan.

A CPA can help you develop both the plan and an effective monitoring program that can keep your business plans and activities on track. Begin the planning process now by contacting your CPA.